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NEWS

FOR IMMEDIATE RELEASE:
July 29, 2010

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Department of Insurance Revokes Licenses, Fines Northern Illinois Insurance Agency and Agents for Improper Life Insurance Sales to Military Personnel

Department of Insurance offers advice to military personnel offered life insurance

CHICAGO— Thursday, July 29, 2010. The Illinois Department of Insurance revoked the insurance producer licenses of a Lake Bluff-based insurance agency and three insurance agents, including two from Antioch and one from Chicago, for the improper marketing and sale of life insurance to military personnel at Great Lakes Naval Air Station in North Chicago.

According to the Department's investigation, American Mutual of Illinois, Andrew M. Haley of Chicago, and Joseph J. Haley and Jamie G. Polec of Antioch violated numerous life insurance solicitation rules regarding sales to military personnel. Specifically, the agents and company failed to inform the Servicemembers that they were purchasing life insurance and misrepresented the life insurance as a "savings plan." As a part of the scheme, the Servicemembers were not told that any money deposited into the "savings plan," which was a life insurance side fund, would be used to pay life insurance premiums. The agents' activities gained the attention of the Armed Forces Disciplinary Control Board, which issued an emergency temporary off-limits order banning the agents from entering the base.

In addition to the license revocations, American Mutual of Illinois and Andrew Haley were each fined \$100,000, which is the maximum fine allowed under Illinois law. Joseph Haley and Jamie Polec were also assessed fines of \$60,000 and \$50,000, respectively. All of the affected agents and the insurance agency have the right to petition the Director of Insurance for a rehearing on the revocation of their insurance producer licenses.

The Department offers the following advice for those in the armed services who are offered life insurance:

- Anyone who sells life insurance at military installations is required to obtain permission from the U.S. Department of Defense to be an authorized solicitor. When dealing with an agent, ask to see permits and licenses to be sure you are dealing with a legitimate agent.
- Many private insurance carriers do not offer coverage for Acts of War. Military personnel are provided some death benefits through their service benefits, and may purchase a limited amount of additional coverage through the Servicemembers' Group Life Insurance (SGLI), a low-cost group life insurance program that includes benefits for death resulting from Acts of War. Be sure you understand the benefits paid by the policy if you were to die in a war zone or were to be killed through an act of war. If you purchase an individual military-focused policy,

check with your agent to make sure it does not duplicate coverage for your family that could be obtained elsewhere.

- Service members can contact their Flight, Payroll or Finance Office for further details on premium payment and refund issues. Service members and their beneficiaries should contact the Office of Service members' Group Life Insurance (OSGLI) for pending claims.
- For more information about auto, home, life and health insurance options as well as tips for choosing the coverage that is right for military personnel, visit the Department's website at <http://insurance.illinois.gov>. Consumers can also visit www.InsureUonline.org or take the military insurance quiz at http://www.insureuonline.org/quiz_military.htm.

More information

The Department's mission is to protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace. The Department assists consumers with all insurance complaints, including health, auto, life, and homeowners. Consumers in need of information or assistance should visit the Department's Web site at <http://insurance.illinois.gov> or call our toll-free hotline at (866) 445-5364.

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